

Nordea

Russian Markets - Daily

September 02, 2011

RUB gained slightly	USD/RUB	29.05	▲
Liquidity is rebounding	EUR/RUB	41.36	▼
Overnight rates decreased	RUB basket	34.59	

Hot News

- International reserves of the Russian Federation as of August 26 stood at USD 541.8bn compared to USD 544.0bn on August 19. Thus, the previous week the international reserves declined by USD 2.2bn. The week before reserves rose by USD 3.8bn. /CBR
- Chairman and CEO of Russia's largest state bank Sberbank G. Gref said that the decision on the privatization of the shares of the Savings Bank in September and October can be taken in the coming weeks. /Interfax
- Belarus and "Gazprom" resume negotiations on the gas contract and the privatization of "Beltransgaz". On August 15th the head of "Gazprom" A. Miller told Russian President D. Medvedev that they expect to sign a new contract until the end of the year. The Russian monopoly bought the first half (50%) of "Beltransgaz" for USD 2.5bn in 2007-2010. /Interfax PMI manufacturing of the Russian Federation remained nearly unchanged in August, rising to 49.9 points versus 49.8 points in July. /Reuters

Money Market

Liquidity is improving. Banks have 840 billion rubles on deposit and in correspondent accounts with the Central Bank. Russian central bank continued to support liquidity via DEPO auctions, demand is still relatively high. However overnight rates stabilized and decreased yesterday to 4%. We do not expect any turmoil on the money market till the end of September. Budget spending will help market to avoid such a liquidity squeeze in the coming tax paying periods.

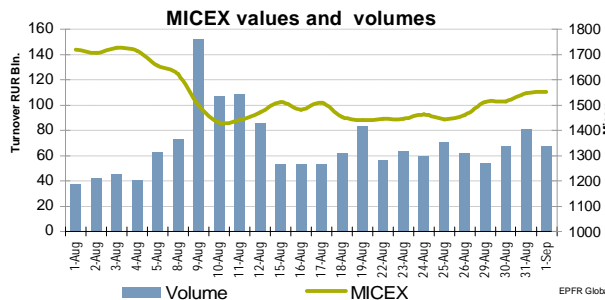
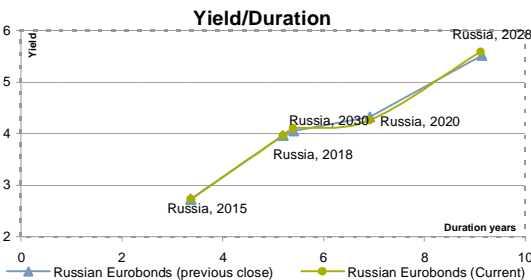
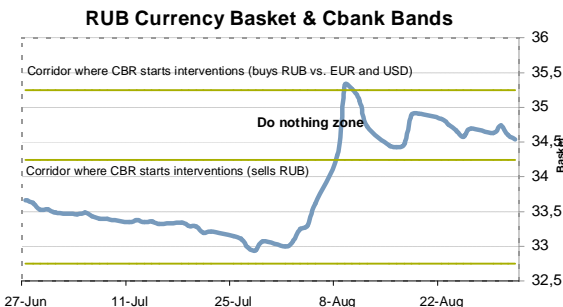
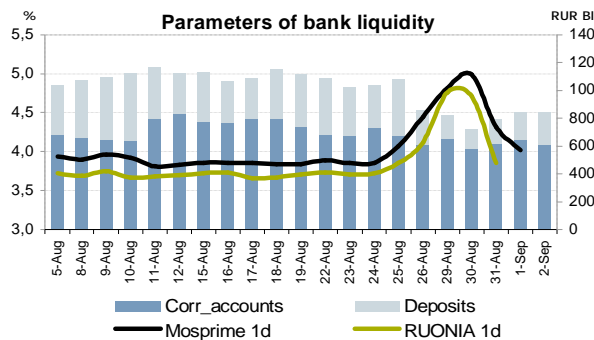
Currency Market

The RUB gained 5 kopeck against the basket yesterday, closing at 34.52. The gains were driven by the EUR leg, as RUB gained 29 kopeck since the previous day's close. RUB was supported by increase in oil prices - the Brent oil topped USD 115/bbl yesterday. Today, however, Brent is lower again, trading just above USD 114/bbl in the morning session. The Asian equity markets were mixed to slightly negative over the night - the markets are apparently nervous over the potentially disappointing USD non-farm payrolls report today. The Russian equities gapped down on the opening and RUB opened somewhat weaker, trading at just above USD 34.60 in the first minutes of the morning session. Yesterday's Brazil's moves and comments about the currency war if the QE3 is started are also relevant to Russia as a commodity currency. If growth weakens further, as the inflation slows down, the policymakers will favor weaker currencies to support the economies.

Debt and Equity Markets

The Russian stock market added insignificantly yesterday. MICEX Index increased by 0.36%. Today's opening was lower, but now market is trying to fill morning gap. High oil prices will continue to support Russian stock market but as for today the main focus is on US non-farm statistics.

Forwards	1m.	3m.	6m.	
USD/RUB	29,091	29,297	29,619	
EUR/RUB	41,4525	41,725	42,13	
Money Market	Close	Change	Max 12m	Min 12m
MosPrime 1M (%)	4,54	-0,04	4,61	3,23
MIBOR 1m (%)	4,76	-0,04	4,8	3,81
RUONIA 1d (%)	4,71	-0,05		
Implied NDF yield 6m%	4,76	-0,03	5,38	3,17
Debt	Close	Change	Max 12m	Min 12m
Russia CDS 5yr	179,5	-8,5	218	119
Eurobond Russia 30Y	4,084	0,01	5,083	3,914
EMBI +	596,52	0	598,99	542,64
Stock Indexes	Close	Change	Max 12m	Min 12m
RTSI	1703,86	0,09	2123,56	1453,47
Micex	1551,58	0,36	1859,99	1398,70
S&P 500	1204,42	-1,19	1363,61	1090,10
DJIA	11493,57	-1,03	12810,54	10320,10
Brent	114,11	-0,77	129,43	67,20



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